

## Network Rail Monitor (Scotland)

**Quarter 3 - 2005-06 (ending 7 January 2006)**



Key Performance Indicators (KPIs)		2004-05	2005-06			2005-06	
		4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	Network Rail Scotland - Year End Forecast	Year End Target
<b>2 - ScotRail Train Performance (note 1)</b> (ScotRail PPM MAA) (Public Performance Measure (PPM) (MAA) - Average-all TOCs)	Actual	83.1	83.5	84.4	84.5	n/av	85.6
	Network Rail Target	83.2	83.3	83.9	84.9		
	Actual	83.6	84.3	85.1	85.6		
<b>3(a) - Network Rail Delay Minutes</b> (No. of Delay Minutes (thousands) attributed to Network Rail causes)	Actual 4-weekly Average	79	72	67	87	75	68
	Network Rail Target - 2005-06 Business Plan	57	62	66	75		
<b>3(b) - Network Rail Delay Minutes (see note 3)</b> (No. of Delay Minutes (thousands) attributed to Network Rail causes)	Actual 4-weekly Average	79	72	67	87	75	73
	Comparative figure based on regulatory target	72	69	76	78		
<b>4 - Asset Failures</b> n	Actual 4-weekly Average	459	487	447	433	n/av	n/av
	Previous year's actuals	449	478	447	415		
<b>5 - Asset Stewardship Measure (see note 2)</b> (Composite of 7 asset condition measures) (Average of the five Network Rail territories)	Actual	0.95	0.89	0.91	0.90	n/av	0.94
	Network Rail Target	1.06	0.87	0.88	0.94		
	Actual	0.83	0.79	0.82	0.77		
<b>6 - Activity volumes (Track Renewals Only, data from Q1 2005-06.)</b> (% Activity compared with plan) (Whole Network Track Renewals)	Actual Cumulative	n/av	97.0	100	94.2	n/av	100
	Network Rail Target	n/av	100	100	100		
	Actual Cumulative	94.3	98.5	96.8	96.5		
<b>7 - Financial efficiency index</b> (Adjusted cost of Operations, Maintenance and Track Renewals)	Actual Cumulative	n/av	47	80	122	n/app	n/app
	ORR calculation from Network Rail Targets	n/av	44	81	126		
<b>8 - Expenditure variance</b> (% Variance from Network Rail's Scotland budget) (% Variance from Network Rail's Whole Network budgets)	Actual Cumulative	n/av	-6.2	-11.6	-12.6	-5.9	n/app
	Actual Cumulative	n/av	0	0	0		
	Actual Cumulative	-15.0	-8.2	-10.9	-10.6		

Network-wide KPIs 1 - Safety Risk, 9 - Financing, 10 - Customer satisfaction and 11 - Supplier satisfaction are not disaggregated below network level so do not appear here.





For KPI 2 an increase over time denotes improvement.

For KPIs 3,4, 5 and 7 a decrease over time / target denotes improvement.




Because of Network Rail's re-organisation, historical figures are not available for all measures in Scotland.

KPI 7, Q1 had errors in the data, figures have been corrected to reflect this.

**Key:-**

	On or better than target
	0.1-10% worse than target
	More than 10% worse than target
	Text in blue shows whole of Network for comparison.
n/app	Information not applicable
n/av	Information not available at the moment

For **Expenditure variance** only.

	Within 5% of budget
	Between 5 and 9.9% above or >5% below budget
	10% or more above budget

**Data Notes**

All data is four-weekly based. There are 13 four-week periods in a financial year. The period quarters are set out below.

Q1	Q2	Q3	Q4
P1-3	P4-6	P7-10	P11-13

note 1 - Moving Annual Average - total for previous 13 four weekly periods divided by 13. (This definition of MAA makes it a lagging indicator). Latest quarter is a provisional estimate.

note 2 - Territory (e.g. Scotland) definitions have slight differences to the network-wide definition.

note 3 - This is new information included for comparison. It is a disaggregation of the network-wide regulatory target for Network Rail (as is used for the GB Network Monitor), based on emerging thinking. ORR will review the target(s) for Network Rail delay minutes to be used for subsequent editions of the Monitor.

Figures in the Monitor are the latest available and may be subject to subsequent update.

**Targets**

The 'actual' data is compared with the appropriate ORR target where one has been set. Otherwise Network Rail's own internal target (to meet Network Rail's required overall outputs as set by ORR) is used. Where this is not available or appropriate the data for the corresponding period in the previous year is used as the comparator (with the exception of Network Rail delay minutes see note 3 above).

For KPIs 2 and 8, the 'actual' data for Scotland is compared with the 'actual' data for the whole network.

# Network Rail Monitor (Scotland)

## Commentary for the third quarter (Q3) of 2005-06

18 September 2005 – 7 January 2006.

### Headlines

- **Train Performance:** Train performance in Scotland continues to cause concern. A total of 84.5% of First ScotRail trains arrived on or close to time, in the year ending with the Q3. This is slightly better than the corresponding figure of 83.6% for the same period in the previous year. However the improvement rate is still slower than the network wide Public Performance Measure (PPM) improvement of 2.7% over the same period. Network Rail's own delay minutes were worse than the targets for the quarter. The Office of Rail Regulation (ORR) has investigated and has called on Network Rail to bring together a cross-industry plan by the end of Q4 (March 2006) to drive performance up.
- **Infrastructure Assets:** Infrastructure failures remain slightly worse than last year, in contrast to the network-wide trend of improvement.
- **Expenditure:** Network Rail in Scotland is spending 13% less than planned expenditure by the end of Q3, compared to the 11% below budget it is spending for the whole of Great Britain.

### 1 Safety Risk

The network-wide *Network Rail Monitor* measures safety risk using an indicator based on 82 train incident precursor events. This cannot yet be disaggregated below whole-network level.

### 2 & 3 Train Performance

Following the Government's Rail Review, Network Rail took over responsibility for whole-industry performance reporting from the Strategic Rail Authority (SRA) in April 2005, and under its network licence the company is responsible for facilitating railway service performance.

Train performance is reported using two indicators.

The PPM represents the percentage of franchised passenger trains arriving at their destination within a specified lateness margin (typically five or ten minutes). This measure captures all delay causes (including Network Rail and train operators). For simplicity, only the First ScotRail PPM is reported, accounting for the great majority of passenger train mileage in Scotland.

The Network Rail Delay Minutes are the total number of minutes delay to all passenger and freight trains in Scotland, where the cause of delay is attributed to Network Rail.

Train performance in Scotland continues to cause concern. Network Rail-responsible delays in the Q3 of 2005-06 remained above its business plan target although there are some signs of recovery. ORR has investigated and has called on Network Rail to bring together a cross-industry plan by the end of Q4 to drive up performance.

The PPM for First ScotRail was 84.5%, resting just below the target of 84.9%.

Problems with the train plan are causing a disproportionate amount of delay in Scotland. Whilst the amount of delay is subject to dispute, and whilst it remains a concern that it is not identified with a specific root cause, it is encouraging to note that the total is continuing to reduce.

A new timetable for Anglo Scottish coal traffic was implemented during Q3, which will reduce the scope for interaction with passenger trains across the Central Belt. Whilst it is too early to draw any firm conclusions, the initial results are favourable.

ORR recognises that Network Rail is taking a range of performance-focused actions to address the situation and early indications from Q4 have been more encouraging.

#### **4 Infrastructure Assets - Asset Failures**

Asset Failures are the total number of incidents causing train delay where the cause is the responsibility of Network Rail. This measures the performance of assets where failure directly delays trains.

Year-to-date asset failures in Scotland have increased by 2% (4,538 incidents compared with 4,434 last year), compared with an overall network trend of a 3% improvement over the same period. The Condition of Track (COT) temporary speed restrictions (TSRs) remain significantly worse than last year in Scotland (up 67%) against a improvement across Great Britain of 11%.

#### **5. Infrastructure Assets - Asset Stewardship Measure**

The Asset Stewardship Measure is a composite index that includes elements (e.g. track geometry) where degradation is more gradual and does not necessarily cause train delays. This established measure has been adopted on an interim basis, but ORR intends to work with Network Rail to develop an indicator which covers a wider range of infrastructure assets and which has no overlap with the asset failures measure. It is similar to the network-wide Asset Stewardship Index but differs in some detailed respects for the track geometry and signalling components, which explains the difference in the national figures shown in this Monitor compared with those in the Great Britain Monitor.

At 0.90, the Asset Stewardship Measure is now better than Network Rail's internal target (0.94) but worse than the current network wide average (0.77). It is nevertheless an improvement on Q2's figure of 0.91.

#### **6 Activity Volumes**

ORR believes that Network Rail should have a consistent means of comparing the volume of the various classes of work that it carries out on the network with its business plan.

While Network Rail can analyse its expenditure by class of work, at present it can only provide a detailed measure of the volume of track renewals. Therefore the Activity Volumes measure in this edition of the *Network Rail Monitor - Scotland* is confined to track renewals. ORR expects Network Rail to develop a composite measure encompassing the vast majority of infrastructure renewals and maintenance activity by April 2006.

For track renewals, 195km of the planned delivery of 207 kilometres (rail km plus sleeper km plus ballast km) was achieved. A total of 25 out of 25 planned Switch and

Crossing units were delivered. This is slightly better performance than on the rest of the network.

## 7. Financial Efficiency Measure

The Financial Efficiency Index (FEI) tracks changes in operational expenditure, maintenance and renewals costs.

Network Rail has not been able to provide an FEI for Scotland, ORR has therefore calculated a proxy measure based on similar principles to the national FEI.

Total maintenance expenditure in Scotland is 'normalised' for the change in equated track miles (a measure of track type, length, traffic tonnage and speed). Track renewals expenditure in Scotland is normalised for changes in the volume of track renewed.

In Q1 (1 April – 25 June 2005) of the *Network Monitor - Scotland*, we included normalised total renewals expenditure. We have now updated the calculation to include only normalised track renewals expenditure to ensure greater consistency with the Network Rail approach to calculating the FEI.

Because this index has some shortcomings, ORR is publishing it in the *Network Rail Monitor - Scotland* only until a more accurate unit cost-based efficiency measure has been developed.

At the end of the Q3, Network Rail remains slightly ahead of ORR's calculated forecast for the Scotland FEI.

## 8. Expenditure Variance

Expenditure Variance compares Network Rail's cumulative year-to-date and full-year forecast expenditure on operations, maintenance, renewals and funded enhancements in Scotland against the company's own budgeted expenditure.

In the year-to-date, Network Rail spent £37 million (approximately 13%) less than its budget of £293 million in Scotland. The majority of this under-spend was in renewals (excluding the West Coast) particularly Telecoms (71% under budget), Signalling (43% under budget) and Structures (26% under budget). There was also overspending in West Coast enhancements of £4 million, against a year-to-date budget of £13 million. The year-end forecasts predict expenditure to be approximately 5% below budget.

## Major Projects

There is no single performance indicator for projects. ORR monitors projects specifically funded in the ACR2003, for emerging expenditure against the regulatory settlement, and for their delivery against their high-level objectives. Following our work on the investment framework, we are reviewing the approach to monitoring investment and this section of the Monitor will reflect this from Q4.

### *West Coast Route Modernisation*

- In the ACR2003, Network Rail was funded to deliver the infrastructure improvements necessary to deliver faster journey times and improved capacity introduced in a phased manner throughout control period 3 (April 2004 to March 2009).

- The infrastructure for the December 2005 timetable has been delivered. ORR is establishing when the full scope of journey time improvements will be achieved, with some tightening of timetable scheduled for June and December 2006.
- The independent Reporters analysis of Network Rail's project expenditure for the end of control period 3 indicates an over-spend of 11%. However, there remain significant risks in the project that would escalate this overspend and ORR, together with its Reporter, is currently working with Network Rail to understand how it is managing these risks and controlling its overheads. Joint work continues to refine this forecasting method with Network Rail.

### *Telecommunications*

The replacement of Network Rail's Fixed Telecoms Network (FTN) and introduction of the Global System for Mobile Telecommunications - Railway (GSM-R) train radio system substantially replaces the existing cable, transmission and radio networks. These were funded in the ACR2003. Together, this combined project is the biggest on Network Rail outside the West Coast Route Modernisation.

There has again been good progress during the quarter, including the following highlights.

- The trial of GSM-R will take place in Scotland initially on the line between Helensburgh and Drumgelloch. The Network Change notice for the trial has now been agreed with the train operators that will be affected.
- All route work and cable installation in the Strathclyde area has been completed, with just six (of 84) masts still to be installed. Enabling work is due to be completed by mid-February 2006.
- Tunnel energisation procedures have now been carried out to aid Radio Service Verification (RSV) test train runs. The test train runs commenced in November to validate radio coverage within the tunnels on the Strathclyde trial route.